



UNITED STATES SENATOR · MICHIGAN
DEBBIE STABENOW
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**U.S. Senate Banking Committee Passes
Public Accounting Reform and Investor Protection Act**
Legislation Based on Issues Brought to Light in Wake of Enron Collapse

WASHINGTON—The U.S. Senate Banking Committee, of which U.S. Senator Debbie Stabenow (D-MI) is a member, earlier this week passed important legislation that will address needed reforms brought to light by the collapse of the Enron Corporation. Based in part on legislation introduced in March by Senators Dodd, Corzine and Stabenow, the Public Company Accounting Reform and Investor Protection Act passed the Committee by a vote of 17-4. It will now go to the Senate floor for a vote.

“The collapse of Enron made it very clear that swift action was needed to protect investors and institute stronger corporate governance,” said Stabenow. “This legislation sets forth a comprehensive plan to provide independent oversight of the accounting industry and makes revolutionary changes that will provide American investors with more reliable information about publicly-traded corporations.”

Included in the Public Accounting Reform and Investor Protection Act was an amendment by Senator Stabenow regarding corporate whistleblowing. Stabenow’s amendment will require for the first time that the auditing companies of public corporations set up a mechanism to receive confidential and anonymous concerns from employees about corporate auditing practices.

“While Enron is the most striking example, other companies across this country also have had a corporate culture that quashes dissent and promotes financial gain over ethical accounting practices. I am hopeful that my corporate whistleblower amendment will be an important step in providing employees with safe outlets to report corporate wrongdoings,” said Stabenow.

The Public Company Accounting Reform and Investor Protection Act would:

- Establish for the first time an independent public accounting board, under the oversight of the Securities and Exchange Commission (SEC,) with the ability to set and enforce audit quality and auditing standards
- Enhance scrutiny on mixing of auditing and consulting services
- Work to ensure that the board which sets accounting standards in the United States has a reliable source of funding through SEC fees
- Significantly increase the funding of the SEC to enable it to improve oversight of public accounting
- Increase financial disclosures, as well as information about stock sales by corporate leaders, so the investing public has better information about the financial health of companies